

BAINBRIDGE-GUILFORD
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2018

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		
Management's Discussion and Analysis		4 - 20
Basic Financial Statements		
Statement of Net Position		21
Statement of Activities and Changes in Net Position		22
Balance Sheet – Governmental Funds		23 - 24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		25
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds		26
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities		27
Statement of Fiduciary Net Position		28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds		29
Notes to Financial Statements		30 - 59
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund	SS 1	60 - 61
Schedule of Funding Progress – Other Postemployment Benefits	SS 2	62
Schedule of District Contributions NYS TRS and ERS Pension Plan	SS 3	63
Schedule of District's Proportionate Share of Net Pension Liability	SS 4	64
Supplementary Information		
Schedule of Changes from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	SS 5	65
Schedule of Project Expenditures – Capital Projects Fund	SS 6	66
Investment in Capital Assets, Net of Related Debt	SS 7	67

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2018

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	68 - 69

Officers:

Roy E. Fuller, CPA
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
John R. May, CPA*
Kyle J. Miesfeldt, CPA
Alan D. Piaker, CPA
Janeen F. Schramm, CPA*
Thomas F. Shanahan, CPA*



Established in 1955

Phone: (607) 729-9373
Fax: (607) 729-6893
Website: pnlepa.com

Philip M. Piaker, CPA
(1921-2003)

Abraham L. Piaker, CPA
(1925-2005)

Retired:

Allan R. Lyons, CPA
Kenneth L. Coleman, CPA
James J. Lewis, CPA

*Also Licensed in Pennsylvania

INDEPENDENT AUDITORS' REPORT

To the President and Members
of the Board of Education of the
Bainbridge-Guilford Central School District
Bainbridge, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT** (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Bainbridge-Guilford Central School District

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 20, the schedule of revenues, expenditures and changes in fund balance budget (non-GAAP basis) and actual - general fund on pages 60 through 61, the schedule of funding progress for the OPEB Liability on page 62, and the schedules of District's pension contributions and proportionate share of the net pension liability on pages 63 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Piaker & Lyons

Bainbridge-Guilford Central School District

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Piaker & Lyons, P.C.
PIAKER & LYONS, P.C.

Binghamton, New York
September 30, 2018

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

The Bainbridge-Guilford Central School District offers readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

Financial Highlights

The following are a few of the key financial highlights for the year:

- Net position decreased from \$16,055,272 to \$14,693,330, a decrease of \$1,361,942 or 8.5%.
- As of the close of this fiscal year, the District's governmental funds reported combined fund balances of \$6,054,493. This is a slight decrease from the prior year of \$43,252.
- The district appropriated \$466,000 of the fund balance to offset 2018-2019 taxes. Additionally the District ended the year with the statutory maximum 4% level of unassigned fund balance of \$726,880 and a balance of \$3,556,138 in reserve funds. Our planning includes understanding and balancing taxpayer burden and the responsible use of our Reserve Funds. This ensures the District's long term financial viability and ability to respond to emergencies.
- At year end, due to positive budget performance, the district was able to fund the voter approved Capital Reserve Fund with an additional \$500,000 bringing that reserve to a balance of \$1.38 million at year end.
- Expenditures and year-end encumbrances in the General Fund totaled \$16,484,506 or 93.6% of budgeted items. Revenues, excluding appropriated fund balance and reserve transfers totaled \$17,507,709 or 102% of estimates.

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

Overview of the Financial Statements

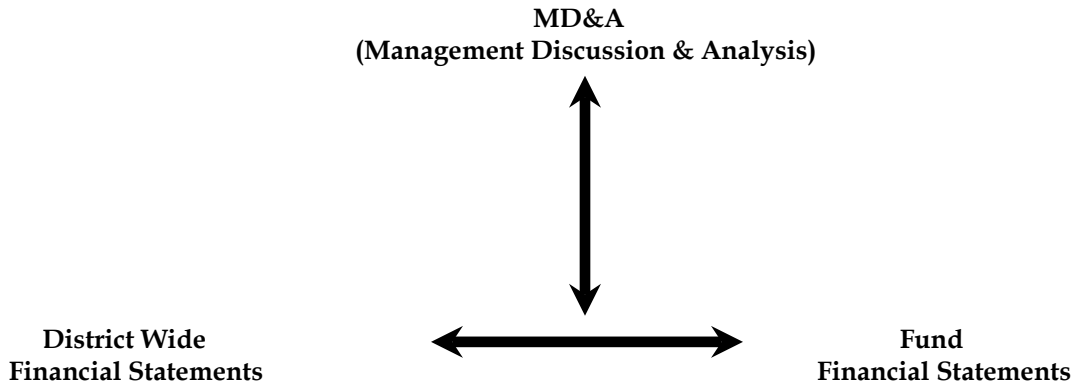
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operation in *more detail* than the entity-wide statements.
- The *governmental fund statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, including the employees of the District.

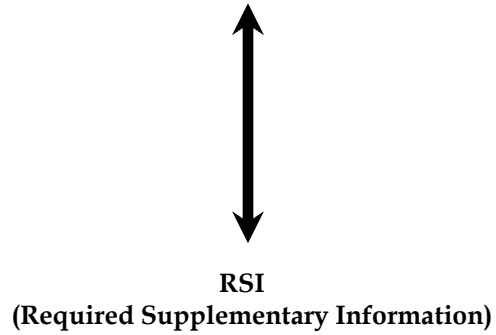
The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

Table A-1: Organization of the District's Annual Financial Report



NOTES TO THE FINANCIAL STATEMENTS



**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-Wide and Fund Financial Statements

	Entity-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Equity 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net Position, the difference between the assets and liabilities, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in Net Position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net Position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term liabilities including debt and compensated absences and other post-employment benefits;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - *Net Position* invested in capital assets, net of related debt;
 - *Restricted net position* reflects constraints placed on use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted Net Position* is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

Bainbridge-Guilford Central School District

Management Discussion & Analysis

For the Year Ended June 30, 2018

The District has two kinds of funds:

- **Governmental funds:** Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special revenue funds, debt service funds, capital project funds and permanent funds. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Equity.
- **Fiduciary funds:** The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

Financial Analysis of the District as a Whole

The District's Net Position decreased by 8.5% or \$1.4 million as detailed in Table A-3. This decrease is related to the transfer of \$2.5 million to the Capital Fund for the voter approved \$16.5 million Capital Project in March 2017.

Current Assets decreased by approximately \$897 thousand or 7.6%. Additionally Capital Assets decreased 5.2% or approximately \$780 thousand primarily due to the depreciation of assets.

Total Liabilities decreased by approximately \$315 thousand or 2.9%. Of this amount, Current Liabilities represented a decrease of approximately \$241 thousand and Long-Term Liabilities represented a decrease of approximately \$73 thousand.

Table A-3: Condensed Statement of Net Positions

Description	Fiscal Year		Change	
	2017 (Restated)	2018	\$	%
Current and other assets:	11,730,839	10,833,875	(896,964)	-7.6%
Capital assets, net of depreciation	15,036,042	14,256,206	(779,836)	-5.2%
Total Assets	26,766,881	25,090,081	(1,676,800)	-6.3%
Current liabilities	1,703,215	1,461,393	(241,822)	-14.2%
Long-term liabilities	9,008,394	8,935,358	(73,036)	-0.8%
Total liabilities	10,711,609	10,396,751	(314,858)	-2.9%
Net Position:				
Investment in capital assets, net of related debt	12,459,942	12,116,206	(343,736)	-2.8%
Restricted	2,671,092	5,059,677	2,388,585	89.4%
Unrestricted	924,238	(2,482,553)	(3,406,791)	-368.6%
Total Net Position	16,055,272	14,693,330	(1,361,942)	-8.5%

Changes in Net Position

The District's total fiscal year 2018 revenues (for general, special aid and school lunch funds) totaled \$18.6 million (see Table A-4). State formula aid and property taxes accounted for most of the District's revenue by contributing 58 cents and 33 cents, respectively, of every dollar raised (See Table A-5). The remainder came from fees charged for services, tuition, operating grants, and other miscellaneous sources.

The total cost of all programs and services (for general, special aid and school lunch funds) totaled \$19.96 million for fiscal year 2018. These expenses are predominantly related to general instruction and transporting students (see Table A-7).

Table A-4: Changes in Net Assets from Operating Results

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

Revenues (General, Special Aid and School Lunch Funds)

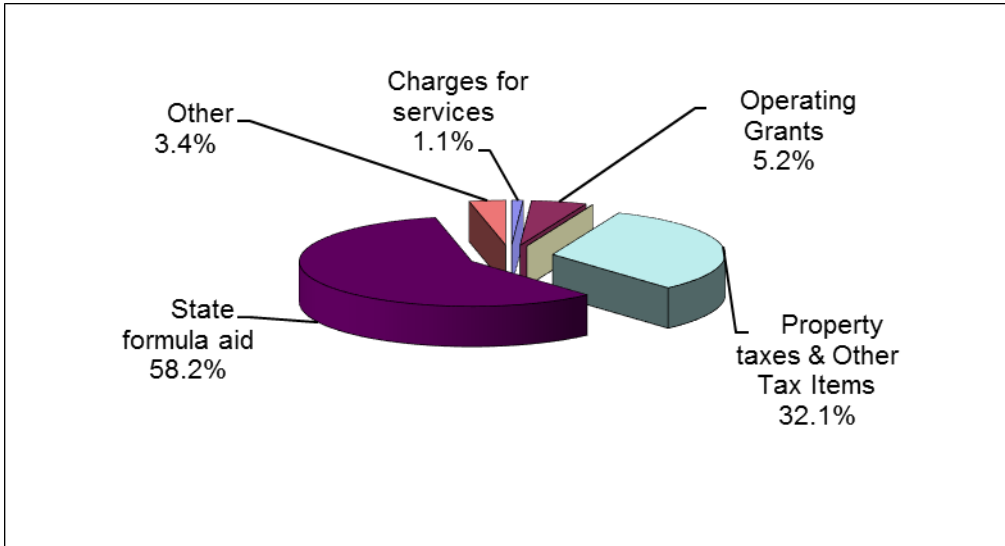
<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2017</i>	<i>2018</i>	<i>\$</i>	<i>%</i>
Program Revenue:				
Charges for services	201,011	222,175	21,164	10.5%
Operating Grants	987,582	946,379	(41,203)	-4.2%
General Revenue:				
Property taxes	6,110,320	6,219,854	109,534	1.8%
State formula aid	11,074,560	10,869,030	(205,530)	-1.9%
Other	646,625	342,236	(304,389)	-47.1%
Total Revenue:	19,020,098	18,599,674	(420,424)	-2.2%

Expenses (General, Special Aid and School Lunch Funds)

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2017</i>	<i>2018</i>	<i>\$</i>	<i>%</i>
Expenditures:				
General Support	3,520,310	4,038,885	518,575	14.7%
Instruction	12,834,901	14,002,160	1,167,259	9.1%
Transportation	1,181,338	1,288,942	107,604	9.1%
Community Service	-	20,716	20,716	---
Debt Service	103,201	66,609	(36,592)	-35.5%
School Lunch	505,544	544,304	38,760	7.7%
Total Expenditures:	18,145,294	19,961,616	1,816,322	10.0%

Table A-5: Sources of Revenues for Fiscal Year 2017

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**



Sources of Revenue for Fiscal Year 2018

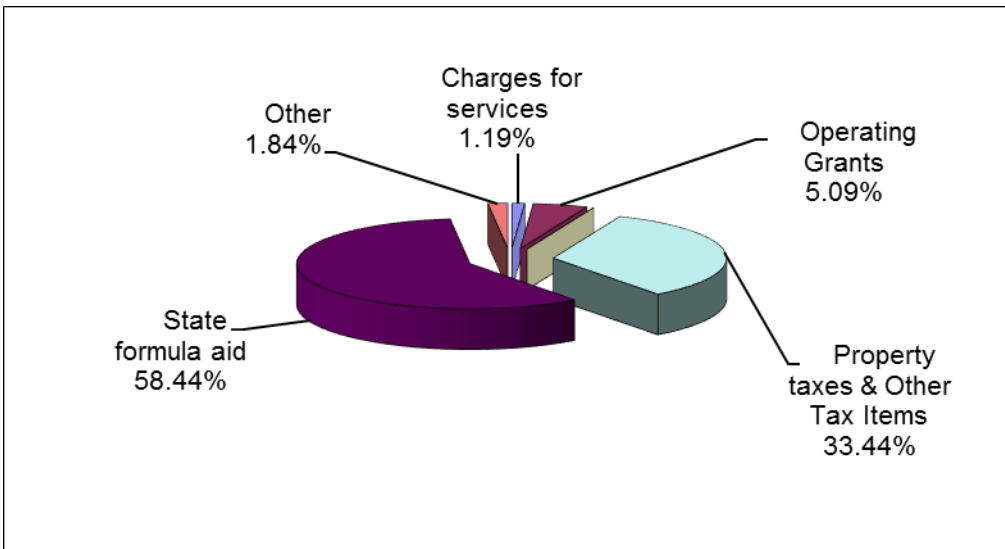
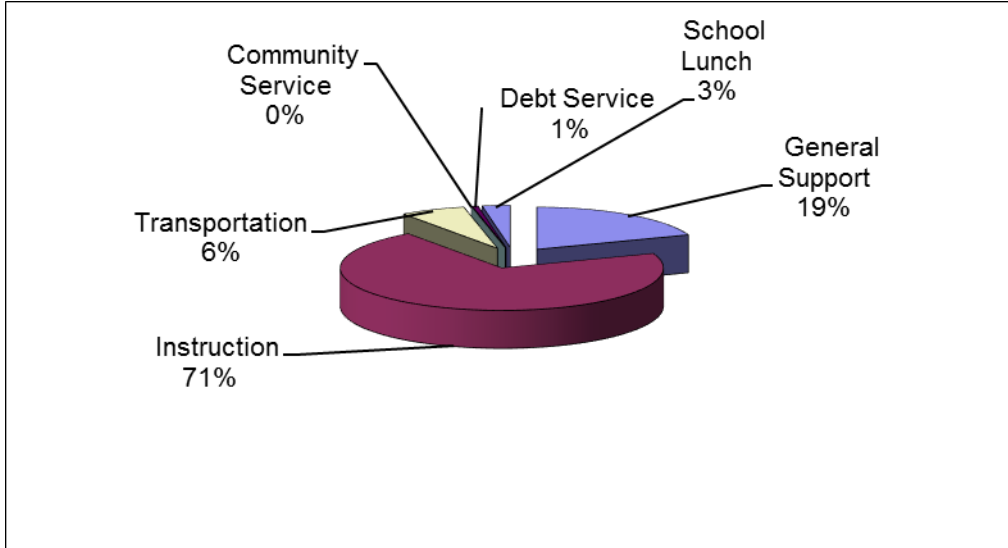
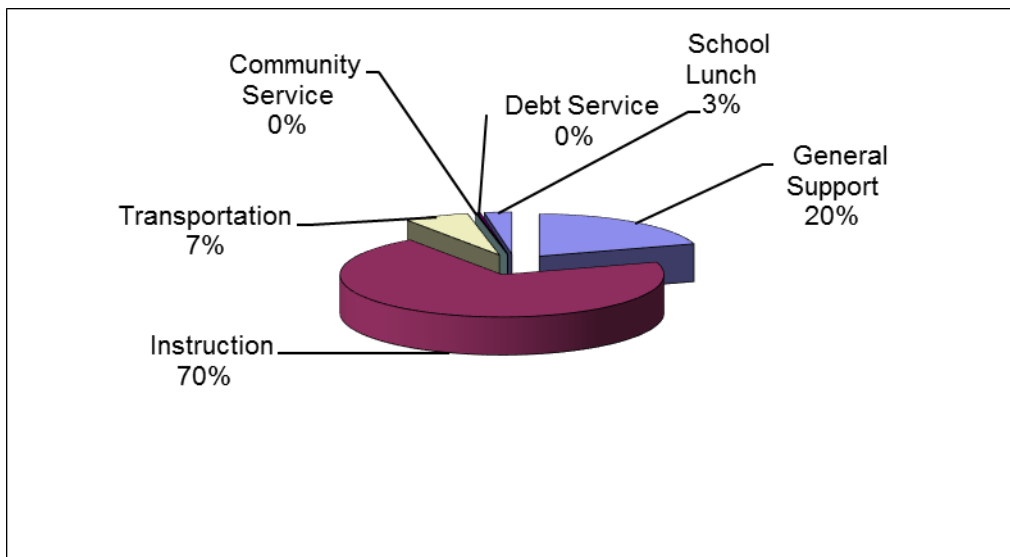


Table A-6: Expenses for Fiscal Year 2017

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**



Expenses for Fiscal Year 2018



Governmental Activities

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

Revenues for the District's governmental activities totaled \$18.6 million while total expenses equaled \$18.77 million. There was a decrease in net assets for governmental activities of \$167 thousand.

Table A-7 presents the cost of five major District activities: instruction, general support, pupil transportation, debt service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7: Net Cost of Governmental Activities
(in thousands)**

<i>Description</i>	<i>2017</i>		<i>2018</i>	
	<i>Total Cost</i>	<i>Net Cost</i>	<i>Total Cost</i>	<i>Net Cost</i>
Expenditures:				
General Support	3,520	3,520	4,039	4,039
Instruction	12,835	12,174	14,002	13,329
Transportation	1,181	1,154	1,289	1,289
Community Service	-		21	21
Debt Service	103	103	67	67
School Lunch	505	5	544	49
Total Expenditures:	18,144	16,956	19,962	18,794

- The total cost of all governmental activities this year was \$19.96 million for the year ending 2018.
- The users of the District's programs contributed to some of the costs associated with the programs. Amount: \$222 thousand.
- The federal and state governments subsidized certain programs with grants and contributions. Amount: \$946 thousand. (*Statement of Activities, Operating Grants*)
- Most of the District's net costs (\$18.8 million) were financed by District taxpayers and state and federal aid. (*Statement of Activities, Total Functions & Programs*)

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

Financial Analysis of the District's Funds

Variations between years for the governmental fund financial statements are not the same as variations between years for the district-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Governmental Fund Balance Highlights

As the District completed the year, its governmental funds reported combined fund balances of \$6,054,493. This represents a decrease of \$43,252 from last year's combined ending fund balances.

The District's governmental fund revenues were \$18,599,674 as compared to \$19,041,886 in the prior year. The expenditures were \$18,767,043 as compared to \$18,514,302 in the prior year. A break down by fund is as follows:

Special Aid Fund - the fund balance was a zero balance.

School Lunch Fund - the fund balance decreased from \$180,241 to \$150,628.

Capital Projects Fund - the fund balance decreased from \$2,130,083 to \$1,091,587. The decrease is mainly attributed to expenditures occurring for capital projects.

Debt Service Fund - the fund balance increased from a zero balance to a balance of \$1,655.

General Fund - the General Fund Balance increased from \$3,787,420 to \$4,810,623.

A breakdown of the district Fund Balance appears in the chart below:

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2017</i>	<i>2018</i>	<i>\$</i>	<i>%</i>
Fund Balance Breakdown:				
Non-Spendable	18,863	14,369	(4,494)	-23.8%
Restricted Fund Balance	2,671,092	5,059,677	2,388,585	89.4%
Assigned Fund Balance	2,703,343	945,887	(1,757,456)	-65.0%
Unassigned Fund Balance	704,447	34,560	(669,887)	-95.1%
Total Fund Balance:	6,097,745	6,054,493	(43,252)	-0.7%

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

Table A-8: Changes in General Fund Revenues

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	2017	2018	\$	%
Real property & tax items	6,110,320	6,219,854	109,534	1.8%
Charges for services	56,741	92,861	36,120	63.7%
Use of money & property	51,381	117,610	66,229	128.9%
Miscellaneous	575,151	185,773	(389,378)	-67.7%
State sources	11,074,560	10,869,030	(205,530)	-1.9%
Federal sources	41,256	22,581	(18,675)	-45.3%
Interfund Revenue	-	-	-	-
Total Revenue:	17,909,409	17,507,709	(401,700)	-2.2%

Total General Fund revenues decreased by \$401,700 or 2.2%. Real property taxes increased 1.75%. The amount for the tax levy was at the calculated Tax Levy Limit.

The increase of \$36,120 or 63.7% in the Charges for Services category is largely attributable to the amount of Non-Resident Foster Care tuition that the district was able to charge the districts of residence.

The increase of \$66,229 or 128.9% in the Use of Money & Property category is mostly the result of the sale of timber on property owned by the district.

The decrease in the miscellaneous revenue category is largely attributable to a final refund received from DCMO BOCES in the prior year for the district's reserve held by the DCMO Health Insurance Consortium.

The decrease of \$205,530 in the State Sources is attributable to a reduction in the state aid the district received.

The decrease of \$18,675 in Federal Sources of revenue is largely attributable to a reduction in the amount of federal sources available to the district.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

Table A-9: Changes in General Fund Expenditures

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	2017	2018	\$	%
General Support	2,854,564	2,842,059	(12,505)	-0.4%
Instruction	8,486,413	8,256,813	(229,600)	-2.7%
Transportation	678,085	705,360	27,275	4.0%
Community Service	-	11,330	11,330	---
Employee benefits	3,844,805	4,093,103	248,298	6.5%
Debt Service - principal	1,022,050	-	(1,022,050)	-100.0%
Debt Service - interest	85,230	-	(85,230)	-100.0%
Interfund Transfer	2,615,556	575,841	(2,039,715)	-78.0%
Total Expenditures:	19,586,703	16,484,506	(3,102,197)	-15.8%

General Fund expenditures decreased \$3,102,197 or 15.8% to \$16.5 million. A categorical summary appears below:

General Support – Decreased by \$12,505 or 0.4%. This decrease is largely attributed to a final benefit payment to a previous employee paid in the 2016-17 fiscal year.

Instructional Expense – Decreased by \$229,600 or 2.7%. This decrease was largely attributed to the reduction of BOCES services for both regular education and special education students.

Pupil Transportation – Increased by \$27,275 or 4.0%. This increase is largely due to the decision to begin leasing school buses versus buying new buses. Lease payments are accounted for in the transportation area while debt payments for buses are accounted for in the debt service area.

Employee Benefits – Increased by \$248,298 or 6.5%. The increase in this area is largely attributed to a mid-year increase on the school district’s health insurance policy.

Debt Service – The decrease of \$1,107,280 in this category represents the decision to begin using the Debt Service Fund to pay the principal and interest on debt instead of the General Fund and the fact that the last payment was made on the refunded Series B bonds in the 2016-17 school year.

Interfund Transfer – Decrease of \$2,039,715. The decrease in this category is due to the fact that there was a \$2.5 million transfer to the Capital Fund during the 2016-17 school year to fund the voter approved \$16.5 million capital project. The decrease was offset by the fact that the district began using the Debt Service Fund in 2017-18 to pay all related debt (principal and interest).

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

General Fund Budgetary Highlights

Budget Adjustments:

Over the course of the year, the District revised its budget for various reasons. The following is a recap of the revisions:

1. The district received a number of donations and additional grant funds totaling approximately \$19,000. Donations were used towards programs of interest by the donors. Grant funds were largely used towards an ELA program and to begin an agricultural program.
2. The district was offered a bid for the sale of timber on property owned by the district resulting in additional proceeds of approximately \$60,500. Proceeds were used to partially fund a new welding program and an ELA program.
3. Money was transferred from the Employee Benefit Reserve to offset retirement incentives of approximately \$34,000.

The total of the budget revisions resulted in an increase of \$135,612.

Fund Balance:

The District applied \$500,000 to the budget from the prior year's overall fund balance. For the ensuing year, the district applied \$466,000 from the 2017-18 overall fund balance to support the 2018-19 budget.

The district also retained \$5,059,677 in various legal reserves which included funding the Capital Reserve for an additional \$500,000, funding the Employee Benefit Reserve with an additional \$392,000 and \$61,604 in encumbrances at year end. The district also set aside an additional \$25,000 in the Tax Certiorari reserve to prepare for a potential tax claim. In addition to the above, the district continues to maintain the maximum Unassigned Fund Balance at the statutory limit of 4% of the ensuing year's budget. The Unassigned Fund Balance at year end totaled \$726,880.

Budget Performance:

The district experienced positive budget performance during the year.

1. The district's actual expenditures of \$16,484,506 were within 93% of the revised budget.
2. The district's actual revenues of \$17,507,709 were 99% of the revised budget.
3. Actual expenditures incurred during the year represented 94% of actual revenue received.

Capital Asset and Debt Administration

Capital Assets

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2018**

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2018. Asset additions primarily occur by annually replacing school buses, equipment purchases and construction in progress at the school buildings. Normal depreciation on the capital assets reduces the value of the assets over time.

**Table A-10: Capital Assets
(Net of Depreciation)**

<i>Description</i>	<i>Fiscal Year</i>	
	<i>2017</i>	<i>2018</i>
Land & Land Improvements	91,577	91,577
Construction in Progress	105,529	-
Buildings	13,452,216	12,917,725
Furniture & Equipment	1,386,720	1,246,904
Total:	15,036,042	14,256,206

Long-Term Debt

At year-end, the District had \$8 million in Long-Term Debt. Of this amount, \$2.14 million is represented by Serial Bonds for construction projects. \$5.85 million is represented by long-term employee benefit obligations – specifically pension obligations, compensated absences, and OPEB (other post-employment benefits).

Short-Term Debt

At year-end, the District had short-term debt obligations outstanding in the amount of \$427,495. This represents a renewal BAN (Bond Anticipation Note) issued for previously purchased school buses which can be renewed for up to a five year period. With an excellent Municipal Bond Rating of A+, the district was able to secure the BAN with an effective interest rate of 1.46%.

Bainbridge-Guilford Central School District Management Discussion & Analysis For the Year Ended June 30, 2018

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

Factor 1: District voters authorized a \$16.5M Capital Project in March 2017 for renovations to all district buildings. Construction began with Phase 1 in the Spring of 2018. Phase 2 is expected to begin in the Spring of 2019 and conclude by December 2020. The district will be issuing Bond Anticipation Notes during the construction phases of the project. The issuance of Serial Bonds for the final construction cost less funds authorized from the Capital Reserve and funds remaining from previous capital projects will be coordinated with incoming state aid payments to smooth the tax impact to district voters.

Factor 2: The cost of employee benefits continues to be a major budgetary factor for all school districts. During the 2017-18 school year, the district negotiated a change in health insurance plans for the 2018-19 school year. The district currently has capped rates for the 2019-20 and 2020-21 school years, however, the continued rapid growth in the cost of health insurance combined with the costs to fund the Teachers' Retirement System and the Employees' Retirement System continues to be a major factor of concern.

Factor 3: The district ended the year with the statutory maximum 4% level of Unassigned Fund Balance as well as an additional \$4.1 million in Restricted & Assigned Reserves for a total of \$4.8 million in overall General Fund Reserves. This solid financial position should allow the district to absorb any unanticipated revenue shortfalls or expenditure increases in the future.

In summary, the district ended the year in a solid financial condition, well prepared to meet the challenges and welcome the opportunities that lie ahead.

Contacting the District's Financial Management

This report was prepared by Janice Rideout, Business Manager, in accordance with the requirements of GASB (Governmental Accounting Standards Board). The report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Bainbridge-Guilford Central School District and to demonstrate our accountability in fiscal matters. If you have any questions about this report or need additional financial information, you are encouraged to contact:

Janice Rideout
Business Manager
Bainbridge-Guilford Central School District
18 Juliand Street, Bainbridge, NY 13733
Phone: 607-967-6335, or janice@bgcsd.org

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash	
Cash - Unrestricted	\$ 1,306,333
Cash - Restricted	5,059,677
Receivables	
Accounts Receivable	68,492
Taxes Receivable	1,808
State and Federal Aid Receivable	235,162
Due from Other Governments	567,832
Inventory - School Lunch	14,369
Net Pension TRS Asset - Proportionate Share	271,410
Capital Assets, (Net)	<u>14,256,206</u>
Total Assets	21,781,289

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>3,308,792</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,090,081</u>

LIABILITIES

Payables	
Accounts Payable	\$ 82,885
Due to Other Governments	845
Bond Anticipation Note Payable	427,495
Accrued Interest on Bond Anticipation Note Payable	4,772
Accrued Interest on Bonds Payable	2,290
Long-Term Liabilities	
Due and Payable Within One Year:	
Bonds Payable	260,000
Due to Teachers' Retirement System	617,178
Due to Employees' Retirement System	65,928
Due and Payable After One Year:	
Bonds Payable	1,880,000
Compensated Absences Payable	1,190,439
Net Pension ERS Liability - Proportionate Share	202,767
Other Post-Employment Benefits (OPEB) Payable	<u>4,453,292</u>
Total Liabilities	<u>9,187,891</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue	4,849
OPEB (GASB 75)	21,157
Pensions	<u>1,182,854</u>
Total Deferred Inflows of Resources	<u>1,208,860</u>
Total Liabilities and Deferred Outflows of Resources	<u>\$ 10,396,751</u>

NET POSITION

Investments in Capital Assets, Net of Related Debt	\$ 12,116,206
Restricted for:	
Workers' Compensation Insurance Reserve	153,117
Unemployment Insurance Reserve	38,995
Retirement Contribution Reserve	750,610
Employee Benefit Accrued Liability	814,466
Liability Claims and Property Loss	303,534
Reserve for Tax Certiorari	115,118
Capital Reserve	1,380,298
Debt Service	1,655
Capital Projects	1,501,884
Unrestricted	<u>(2,482,553)</u>
Total Net Position	<u>\$ 14,693,330</u>

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues		Net (Expense)
Expenses	Charges for Services	Operating Grants & Contributions	Revenue and Changes in Net Position
FUNCTIONS AND PROGRAMS			
General Support	\$ (4,038,885)	\$ -	\$ (4,038,885)
Instruction	(14,002,160)	92,861	(13,328,928)
Pupil Transportation	(1,288,942)	-	(1,288,942)
Community Service	(20,716)	-	(20,716)
Debt Service	(66,609)	-	(66,609)
School Lunch Program	(544,304)	129,314	(48,982)
Total Functions and Programs	\$ (19,961,616)	\$ 222,175	\$ 946,379
GENERAL REVENUES			
Real Property Taxes			5,107,176
Other Tax Items			1,112,678
Use of Money and Property			24,985
Sale of Property			94,280
Miscellaneous			200,390
State Sources			10,869,030
Federal Sources			22,581
Total General Revenues			17,431,120
Change in Net Position			(1,361,942)
Net Position, Beginning of Year, as Restated			16,055,272
Net Position, End of Year			\$ 14,693,330

See the accompanying notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted Cash	\$ 1,165,760	\$ 14,081	\$ 126,492	\$ -	\$ -	\$ 1,306,333
Restricted Cash	3,556,138	-	-	1,501,884	1,655	5,059,677
Receivables						
Accounts Receivable	67,001	-	1,491	-	-	68,492
Taxes Receivable	1,808	-	-	-	-	1,808
Due from Other Funds	80,000	8,201	783	17,977	-	106,961
State and Federal Aid	177,107	58,055	-	-	-	235,162
Due from Other Governments	553,062	-	14,770	-	-	567,832
Inventories	<u>-</u>	<u>-</u>	<u>14,369</u>	<u>-</u>	<u>-</u>	<u>14,369</u>
TOTAL ASSETS	<u>\$ 5,600,876</u>	<u>\$ 80,337</u>	<u>\$ 157,905</u>	<u>\$ 1,519,861</u>	<u>\$ 1,655</u>	<u>\$ 7,360,634</u>
LIABILITIES						
Payables						
Accounts Payable	\$ 80,176	\$ -	\$ 1,930	\$ 779	\$ -	\$ 82,885
Bond Anticipation Note Payable	-	-	-	427,495	-	427,495
Due to Other Funds	26,961	80,000	-	-	-	106,961
Due to Other Governments	10	-	835	-	-	845
Due to Teachers' Retirement System	617,178	-	-	-	-	617,178
Due to Employees' Retirement System	65,928	-	-	-	-	65,928
Total Liabilities	790,253	80,000	2,765	428,274	-	1,301,292
Deferred Inflows of Resources						
Deferred Revenue	<u>-</u>	<u>337</u>	<u>4,512</u>	<u>-</u>	<u>-</u>	<u>4,849</u>
Total Liabilities and Deferred Inflows of Resources (Carried Forward)	<u>\$ 790,253</u>	<u>\$ 80,337</u>	<u>\$ 7,277</u>	<u>\$ 428,274</u>	<u>\$ -</u>	<u>\$ 1,306,141</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Total Liabilities and Deferred Inflows of Resources (Brought Forward)	\$ 790,253	\$ 80,337	\$ 7,277	\$ 428,274	\$ -	\$ 1,306,141
Fund Balance:						
Nonspendable	-	-	14,369	-	-	\$ 14,369
Restricted	3,556,138	-	-	1,501,884	1,655	5,059,677
Assigned	527,605	7,430	136,259	274,593	-	945,887
Unassigned	<u>726,880</u>	<u>(7,430)</u>	<u>-</u>	<u>(684,890)</u>	<u>-</u>	<u>34,560</u>
Total Fund Balances	<u>4,810,623</u>	<u>-</u>	<u>150,628</u>	<u>1,091,587</u>	<u>1,655</u>	<u>6,054,493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,600,876</u>	<u>\$ 80,337</u>	<u>\$ 157,905</u>	<u>\$ 1,519,861</u>	<u>\$ 1,655</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are Not Financial Resources and Therefore are Not Reported in the Funds						14,256,206
Capital Bond Issuance Costs Used in Governmental Activities are Not Financial Resources and Therefore are Not Reported in the Funds						-
Other Post-Employment Benefits (OPEB) Payable						(4,453,292)
Accrued Interest are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds						(7,062)
Long-Term Liabilities, Including Bonds Payable and Compensated Absences are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds						(3,330,439)
Proportionate Share of Long-Term Asset and Liability Associated with Participation in State Retirement Systems are not Current Financial Resources or Obligations and are not Reported in the Funds						
Teachers' Retirement System				\$ 271,410		
Employees' Retirement System				<u>(202,767)</u>		68,643
Deferred Outflows					3,308,792	
Deferred Inflows					<u>(1,204,011)</u>	<u>2,104,781</u>
Net Positions of Governmental Activities						<u>\$ 14,693,330</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental <u>Funds</u>	Long-Term Assets, <u>Liabilities</u>	Reclassifications and <u>Eliminations</u>	Statement of Net Position <u>Totals</u>
ASSETS				
Cash - Unrestricted	\$ 1,306,333	\$ -	\$ -	\$ 1,306,333
Cash - Restricted	5,059,677	-	-	5,059,677
Accounts Receivable	68,492	-	-	68,492
Taxes Receivable	1,808	-	-	1,808
Due from Other Funds	106,961	-	(106,961)	-
State and Federal Aid Receivable	235,162	-	-	235,162
Due from Other Governments	567,832	-	-	567,832
Inventory - School Lunch	14,369	-	-	14,369
Capital Bond Issuance Costs, (Net)	-	-	-	-
Net Pension Asset - Proportionate Share	-	271,410	-	271,410
Capital Assets, (Net)	-	14,256,206	-	14,256,206
Total Assets	7,360,634	14,527,616	(106,961)	21,781,289
DEFERRED OUTFLOW OF RESOURCES				
Pensions	-	3,308,792	-	3,308,792
Total Assets and Deferred Outflow of Resources	\$ 7,360,634	\$ 17,836,408	\$ (106,961)	\$ 25,090,081
LIABILITIES				
Accounts Payable	\$ 82,885	\$ -	\$ -	\$ 82,885
Bond Anticipation Note Payable	427,495	-	-	427,495
Due to Other Funds/Fiduciary Funds	106,961	-	(106,961)	-
Due to Other Governments	845	-	-	845
Accrued Interest on Bond Anticipation Note Payable	-	4,772	-	4,772
Accrued Interest on Bonds Payable	-	2,290	-	2,290
Due to Teachers' Retirement System	617,178	-	-	617,178
Due to Employees' Retirement System	65,928	-	-	65,928
Bonds Payable	-	2,140,000	-	2,140,000
Compensated Absences Payable	-	1,190,439	-	1,190,439
Net Pension Liability - Proportionate Share	-	202,767	-	202,767
Other Post-Employment Benefits (OPEB) Payable	-	4,453,292	-	4,453,292
Total Liabilities	1,301,292	7,993,560	(106,961)	9,187,891
DEFERRED INFLOW OF RESOURCES				
Deferred Revenue	4,849	-	-	4,849
OPEB (GASB 75)	-	21,157	-	21,157
Pensions	-	1,182,854	-	1,182,854
Total Deferred Inflow of Resources	4,849	1,204,011	-	1,208,860
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	6,054,493	8,638,837	-	14,693,330
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 7,360,634	\$ 17,836,408	\$ (106,961)	\$ 25,090,081

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES						
Real Property Taxes	\$ 5,107,176	\$ -	\$ -	\$ -	\$ -	\$ 5,107,176
Other Tax Items	1,112,678	-	-	-	-	1,112,678
Charges for Services	92,861	-	-	-	-	92,861
Use of Money and Property	23,330	-	-	1,655	-	24,985
Sale of Property	94,280	-	-	-	-	94,280
Miscellaneous	185,773	-	14,617	-	-	200,390
State Sources	10,869,030	188,234	44,618	-	-	11,101,882
Federal Sources	22,581	392,137	321,390	-	-	736,108
Surplus Food	-	-	23,144	-	-	23,144
Sales	-	-	106,170	-	-	106,170
Total Revenues	<u>17,507,709</u>	<u>580,371</u>	<u>509,939</u>	<u>1,655</u>	<u>-</u>	<u>18,599,674</u>
EXPENDITURES						
General Support	2,842,059	-	-	-	-	2,842,059
Instruction	8,256,813	577,625	-	-	-	8,834,438
Pupil Transportation	705,360	18,632	-	-	-	723,992
Community Service	11,330	-	-	-	-	11,330
Employee Benefits	4,093,103	-	102,277	-	-	4,195,380
Debt Service						
Principal	-	-	-	-	379,117	379,117
Interest	-	-	-	-	66,702	66,702
Cost of Sales	-	-	438,058	-	-	438,058
Capital Outlay	-	-	-	1,275,967	-	1,275,967
Total Expenditures	<u>15,908,665</u>	<u>596,257</u>	<u>540,335</u>	<u>1,275,967</u>	<u>445,819</u>	<u>18,767,043</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,599,044</u>	<u>(15,886)</u>	<u>(30,396)</u>	<u>(1,274,312)</u>	<u>(445,819)</u>	<u>(167,369)</u>
OTHER FINANCING SOURCES						
BAN'S Redeemed from Appropriations	-	-	-	124,117	-	124,117
Operating Transfers In	-	15,885	783	116,959	447,474	581,101
Operating Transfers (Out)	(575,841)	-	-	(5,260)	-	(581,101)
Total Other Sources (Uses)	<u>(575,841)</u>	<u>15,885</u>	<u>783</u>	<u>235,816</u>	<u>447,474</u>	<u>124,117</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Sources	1,023,203	(1)	(29,613)	(1,038,496)	1,655	(43,252)
Fund Balance - Beginning of Year	<u>3,787,420</u>	<u>1</u>	<u>180,241</u>	<u>2,130,083</u>	<u>-</u>	<u>6,097,745</u>
Fund Balance - End of Year	<u>\$ 4,810,623</u>	<u>\$ -</u>	<u>\$ 150,628</u>	<u>\$ 1,091,587</u>	<u>\$ 1,655</u>	<u>\$ 6,054,493</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Capital</u> <u>Related</u> <u>Items</u>	<u>Long-Term</u> <u>Debt</u> <u>Transactions</u>	<u>Statement</u> <u>of Activities</u> <u>Totals</u>
REVENUES				
Real Property Taxes	\$ 5,107,176	\$ -	\$ -	\$ 5,107,176
Other Tax Items	1,112,678	-	-	1,112,678
Charges for Services	92,861	-	-	92,861
Use of Money and Property	24,985	-	-	24,985
Sale of Property	94,280	-	-	94,280
Miscellaneous	200,390	-	-	200,390
State Sources	11,101,882	-	-	11,101,882
Federal Sources	736,108	-	-	736,108
Surplus Food	23,144	-	-	23,144
Sales - School Lunch	106,170	-	-	106,170
Total Revenues	<u>18,599,674</u>	<u>-</u>	<u>-</u>	<u>18,599,674</u>
EXPENDITURES/EXPENSES				
General Support	2,842,059	463,771	5,718	3,311,548
Instruction	8,834,438	71,733	39,750	8,945,921
Pupil Transportation	723,992	122,604	3,450	850,046
Community Service	11,330	-	74	11,404
Employee Benefits	4,195,380	-	2,138,681	6,334,061
Debt Service				
Principal	379,117	-	(379,117)	-
Interest	66,702	-	(93)	66,609
Cost of Sales	438,058	3,969	-	442,027
Capital Outlay	1,275,967	(1,275,967)	-	-
Total Expenditures/Expenses	<u>18,767,043</u>	<u>(613,890)</u>	<u>1,808,463</u>	<u>19,961,616</u>
Excess (Deficiency) of				
Revenues over Expenditures/Expenses	<u>(167,369)</u>	<u>613,890</u>	<u>(1,808,463)</u>	<u>(1,361,942)</u>
OTHER SOURCES AND USES				
BAN'S Redeemed from Appropriations	124,117	-	(124,117)	-
Operating Transfers In	581,101	-	(581,101)	-
Operating Transfers Out	(581,101)	-	581,101	-
Total Other Sources and Uses	<u>124,117</u>	<u>-</u>	<u>(124,117)</u>	<u>-</u>
Net Change for the Year	<u>\$ (43,252)</u>	<u>\$ 613,890</u>	<u>\$ (1,932,580)</u>	<u>\$ (1,361,942)</u>

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Private- Purpose <u>Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ 217,092	\$ 112,340
Total Assets	<u>217,092</u>	<u>112,340</u>
LIABILITIES		
Extraclassroom Activity Balances	-	44,190
Other Liabilities	<u>-</u>	<u>68,150</u>
Total Liabilities	<u>-</u>	<u>112,340</u>
NET POSITION		
Reserved for Scholarships	<u>\$ 217,092</u>	<u>\$ -</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

	Total Governmental <u>Funds</u>	Capital Related <u>Items</u>	Long-Term Debt <u>Transactions</u>	Statement of Activities <u>Totals</u>
REVENUES				
Real Property Taxes	\$ 5,107,176	\$ -	\$ -	\$ 5,107,176
Other Tax Items	1,112,678	-	-	1,112,678
Charges for Services	92,861	-	-	92,861
Use of Money and Property	24,985	-	-	24,985
Sale of Property	94,280	-	-	94,280
Miscellaneous	200,390	-	-	200,390
State Sources	11,101,882	-	-	11,101,882
Federal Sources	736,108	-	-	736,108
Surplus Food	23,144	-	-	23,144
Sales - School Lunch	106,170	-	-	106,170
	<u>18,599,674</u>	<u>-</u>	<u>-</u>	<u>18,599,674</u>
Total Revenues				
EXPENDITURES/EXPENSES				
General Support	2,842,059	463,771	5,718	3,311,548
Instruction	8,834,438	71,733	39,750	8,945,921
Pupil Transportation	723,992	122,604	3,450	850,046
Community Service	11,330	-	74	11,404
Employee Benefits	4,195,380	-	2,138,681	6,334,061
Debt Service				
Principal	379,117	-	(379,117)	-
Interest	66,702	-	(93)	66,609
Cost of Sales	438,058	3,969	-	442,027
Capital Outlay	1,275,967	(1,275,967)	-	-
	<u>18,767,043</u>	<u>(613,890)</u>	<u>1,808,463</u>	<u>19,961,616</u>
Total Expenditures/Expenses				
Excess (Deficiency) of				
Revenues over Expenditures/Expenses	<u>(167,369)</u>	<u>613,890</u>	<u>(1,808,463)</u>	<u>(1,361,942)</u>
OTHER SOURCES AND USES				
BAN'S Redeemed from Appropriations	124,117	-	(124,117)	-
Operating Transfers In	581,101	-	(581,101)	-
Operating Transfers Out	(581,101)	-	581,101	-
	<u>124,117</u>	<u>-</u>	<u>(124,117)</u>	<u>-</u>
Total Other Sources and Uses				
Net Change for the Year	<u>\$ (43,252)</u>	<u>\$ 613,890</u>	<u>\$ (1,932,580)</u>	<u>\$ (1,361,942)</u>

See the accompanying notes to financial statements₂₇

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Private- Purpose <u>Trusts</u>
ADDITIONS	
Contributions	\$ 12,561
Investment Earnings	184
Miscellaneous	<u>332</u>
Total Additions	<u>13,077</u>
DEDUCTIONS	
Contractual	2,372
Scholarships and Awards	<u>14,334</u>
Total Deductions	<u>16,706</u>
Change in Net Position	(3,629)
Net Position - Beginning of Year	<u>220,721</u>
Net Position - End of Year	<u>\$ 217,092</u>

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bainbridge-Guilford Central School District (the "District") have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A) Reporting Entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, "*The Financial Reporting Entity*," as amended by GASB Statement 39, "*Component Units*." The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, such as legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of the certain entity included in the District's reporting entity.

i) Extra-classroom Activity Funds:

The Extra-classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra-classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra-classroom Activity Funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

B) Joint Venture:

The District is a component district in the Delaware-Chenango-Madison-Otsego Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation [§1950(6)]. In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$2,953,693 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,261,805.

In addition, the District leases building space to BOCES on an annual basis with rental income of \$12,000 for the year ended June 30, 2018.

Financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of Presentation:

i) District-wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Funds Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

- **Special Aid Fund:** Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.
- **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- **Private Purpose Trust Funds:** These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- **Agency Funds:** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom activity funds and for payroll or employee withholding.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Measurement Focus and Basis of Accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes which are considered to be available if they are collected within sixty days after the end of the year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on the effective date of the tax warrant. Taxes were collected during the period September 1, 2017 to October 31, 2017.

Uncollected real property taxes are subsequently enforced by the counties of Broome, Chenango, Delaware, and Otsego. The counties pay an amount representing uncollected real property taxes transmitted to the counties for enforcement to the District no later than the following April 1.

F) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) Inter-fund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for inter-fund receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all inter-fund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 11 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including consumption of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and Cash Equivalents)/Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest categories by at least one nationally recognized statistical rating organization.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are stated at fair value. The District did not hold any investments as of June 30, 2018.

J) Accounts Receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and Prepaid Items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L) Other Assets/Restricted Assets, as applicable:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M) Capital Assets:

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Building Improvements	\$ 1,000	Straight-line	15 - 40 Years
Furniture and Equipment, Vehicles	1,000	Straight-line	5 - 20 Years

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

O) Vested Employee Benefits:

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, "*Accounting for Compensated Absences*," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

P) Other Benefits:

Eligible district employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

R) Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S) Net Position/Fund Balance:

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The District's policy related to Net Position Flow Assumption and Fund Balance Assumption is to review the fund balance and reserves on an annual basis in order to ensure compliance and ensure that the district maintains the funds necessary to maintain positive cash flow throughout the fiscal year, and to ensure the financial stability of the District.

i) Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

iii) Funds Statements

In the fund basis statements, there are five classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,369.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of the fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Retirement Contribution

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service

According to General Municipal Law §6-I, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2018.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Unassigned Fund Balance

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Refer to Note 16 for a detail of the fund balance classifications used by the District.

T) **New Accounting Standards**

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2018:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*

GASB Statement No. 81, *Split Interest Agreements*

GASB Statement No. 85, *Omnibus 2017*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

U) Future Changes in Accounting Standards

GASB Statement No. 83, *Certain Asset Retirement Obligations* – effective for the year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities* – effective for the year ending June 30, 2019.

GASB Statement No. 87, *Leases* – effective for the year ending June 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* – effective for the year ending June 30, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* – effective for the year ending June 30, 2021.

The school district will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

V) Change in Accounting Principle

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, as noted above. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note 12 for the financial statement impact of the implementation of the statement.

W) Events Occurring After Reporting Date:

The District has evaluated events and transactions that occurred between July 1, 2018 and September 30, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balances of Governmental Funds versus Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B) Statement of Revenues, Expenditures and Changes in Fund Balance versus Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The amounts shown below represent:

i) Long-Term Revenue and Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

v) OPEB differences:

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires districts to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 12 for the financial statement impact of the implementation of the statement.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund, for which legal (appropriated) budgets are adopted - General Fund.

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriation occurred during the year:

Encumbrances	<u>\$ 61,605</u>
--------------	------------------

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2018.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The Special Aid Fund shows an unassigned fund balance deficit of \$7,430. This deficit results from revenues that are due and expected to be received in no later than 60 days. In accordance with GASB 33, "Accounting and Financial Reporting for Nonexchange Transactions," this amount does not meet the availability criteria for recognition as revenue in the current period.

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISK

Cash

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ _____ -
Collateralized With Securities Held by the Pledging Financial Institution, or its Trust Department or Agent, But Not in the District's Name	\$ <u>6,180,254</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$5,059,677 within the governmental funds and \$217,092 in the fiduciary funds.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISK (Continued)

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District include interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

NOTE 6 - INVESTMENTS

The District's investment policy for investments is also governed by New York State statutes. As of June 30, 2018, there were no investments.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Depreciated:				
Land	\$ 91,577	\$ -	\$ -	\$ 91,577
Construction in Progress	<u>105,529</u>	<u>-</u>	<u>(105,529)</u>	<u>-</u>
Total Nondepreciable Historical Costs	<u>197,106</u>	<u>-</u>	<u>(105,529)</u>	<u>91,577</u>
Capital Assets that are Depreciated:				
Buildings	36,267,428	-	-	36,267,428
Furniture and Equipment	<u>6,256,639</u>	<u>116,917</u>	<u>(290,102)</u>	<u>6,083,454</u>
Total Depreciable Historical Costs	<u>42,524,067</u>	<u>116,917</u>	<u>(290,102)</u>	<u>42,350,882</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	22,815,212	534,491	-	23,349,703
Furniture and Equipment	<u>4,869,919</u>	<u>244,503</u>	<u>(277,872)</u>	<u>4,836,550</u>
Total Accumulated Depreciation	<u>27,685,131</u>	<u>778,994</u>	<u>(277,872)</u>	<u>28,186,253</u>
Total Depreciable Historical Costs, Net	<u>14,838,936</u>	<u>(662,077)</u>	<u>(12,230)</u>	<u>14,164,629</u>
Total Capital Assets	<u><u>\$ 15,036,042</u></u>	<u><u>\$ (662,077)</u></u>	<u><u>\$ (117,759)</u></u>	<u><u>\$ 14,256,206</u></u>

Depreciation Expense was Charged to Governmental Functions as Follows:

General Support	\$ 463,771
Instruction/Salaries	124,639
Pupil Transportation	186,615
Cost of Sales - School Lunch	<u>3,969</u>
Total Current Year Depreciation	<u><u>\$ 778,994</u></u>

NOTE 8 - PENSION PLANS

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). Collectively, TRS and ERS are retirement plans referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 - PENSION PLANS (Continued)

Plan Descriptions

Teachers' Retirement System (TRS)

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding Policy

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent to their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 or 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the preceding two years.

The District's share of the required contributions for the District's year ended June 30, was:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2018	\$ 293,859	\$ 563,181

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 - PENSION PLANS (Continued)

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Assets, Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension/(liability) was measured as of June 30, 2016 for TRS and March 31, 2017 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2018	June 30, 2017
District's proportionate share of the Net pension asset/(liability)	\$ (202,767)	\$ 271,410
District's portion of the Plan's total Net pension asset/(liability)	0.0062826%	0.035707%
Change in proportion since the prior measurement date	0.0004522%	-0.0004480%

For the year ended June 30, 2018, the District recognized pension expense of \$267,274 for ERS and \$675,152 for TRS. At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 72,320	\$ 223,304	\$ 59,763	\$ 105,820
Changes of assumptions	134,451	2,761,647	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	286,816	639,248
Changes in proportion and differences between the District's contributions and proportionate share of contributions	82,298	34,772	2,793	88,414
District's contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 289,069</u>	<u>\$ 3,019,723</u>	<u>\$ 349,372</u>	<u>\$ 833,482</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 - PENSION PLANS (Continued)

	<u>ERS</u>	<u>TRS</u>
Year ended June 30:		
2018	\$ -	\$ 55,602
2019	65,545	723,442
2020	57,424	515,658
2021	(129,161)	122,596
2022	(54,111)	514,137
Thereafter	-	254,806
	<u>\$ (60,303)</u>	<u>\$ 2,186,241</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90% - 4.72%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%
Cost of Living Adjustments	1.3%	1.5%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 - PENSION PLANS (Continued)

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	<u>ERS</u>	<u>TRS</u>
	March 31, 2018	June 30, 2017
<u>Asset Type</u>		
Domestic Equities	4.55%	5.9%
International Equities	6.35%	7.4%
Private Equity	7.50%	9.0%
Real Estate	5.55%	4.3%
Absolute Return Strategies	3.75%	-
Opportunistic Portfolio	5.68%	-
Real Assets	5.29%	-
Domestic Fixed Income Securities	-	1.6%
Global Fixed Income Securities	-	1.3%
High-Yield Fixed Income Securities	-	3.9%
Bonds and Mortgages	1.31%	2.8%
Inflation-Indexed Bonds	1.25%	-
Short-Term	-0.25%	0.6%

Discount Rate

The discount rate used to measure the total pension asset (liability) was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon these assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6% for ERS and 6.25% for TRS) or 1 percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - PENSION PLANS (Continued)

ERS	1% Decrease <u>6.0%</u>	Current Assumption <u>7.0%</u>	1% Increase <u>8.0%</u>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,534,187)	\$ (202,767)	\$ 923,562
TRS	1% Decrease <u>6.25%</u>	Current Assumption <u>7.25%</u>	1% Increase <u>8.25%</u>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (4,675,586)	\$ 271,410	\$ 4,414,273

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement Date	March 31, 2018	June 30, 2017	
Employers' Total Pension Asset/(Liability)	\$ (183,400,590)	\$ (114,708,261)	\$ (298,108,851)
Plan Fiduciary Net Position	<u>180,173,145</u>	<u>115,468,360</u>	<u>295,641,505</u>
Employers' Net Pension Asset/(Liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>	<u>\$ (2,467,346)</u>
Ratio of Plan Fiduciary Net Position to the Employers' Total Pension Asset/(Liability)	98.24%	100.66%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$65,928.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS covered wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$617,178.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 - SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

<u>Description of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	9/23/2017	1.09%	\$ 551,612	\$ -	\$ (551,612)	\$ -
BAN	9/21/2018	1.46%	\$ -	\$ 427,495	\$ -	\$ 427,495

Interest on short-term debt for the year was composed of:

Interest Paid	\$ 5,996
Less: Interest Accrued in the Prior Year	(4,626)
Plus: Interest Accrued in the Current Year	<u>4,772</u>
Total Interest on Short-Term Debt	<u>\$ 6,142</u>

NOTE 10 - LONG-TERM DEBT

Long-term liability balances and activity for the year are summarized below:

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-Term Liabilities					
Bonds Payable:					
General Obligation Debt:					
Serial Bonds 2012	\$ 2,395,000	\$ -	\$ (255,000)	\$ 2,140,000	\$ 260,000
Total Long-Term Liabilities	<u>2,395,000</u>	<u>-</u>	<u>(255,000)</u>	<u>2,140,000</u>	<u>260,000</u>
Other Long-Term Liabilities:					
Compensated Absences	1,283,524	-	(93,085)	1,190,439	-
Other Post Employment Benefits	858,949	3,594,343	-	4,453,292	-
Net Pension Liability - Proportionate Share	935,074	-	(732,307)	202,767	-
Total Other Long-Term Liabilities	<u>3,077,547</u>	<u>3,594,343</u>	<u>(825,392)</u>	<u>5,846,498</u>	<u>-</u>
	<u>\$ 5,472,547</u>	<u>\$ 3,594,343</u>	<u>\$ (1,080,392)</u>	<u>\$ 7,986,498</u>	<u>\$ 260,000</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately. The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued)

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provision to be made in the General Fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Bonds payable is comprised of the following:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2018</u>
Serial Bond	06/15/12	6/15/2026	2.250%	\$ 260,000
Serial Bond	06/15/12	6/15/2026	2.250%	265,000
Serial Bond	06/15/12	6/15/2026	2.250%	275,000
Serial Bond	06/15/12	6/15/2026	2.375%	285,000
Serial Bond	06/15/12	6/15/2026	2.500%	290,000
Serial Bond	06/15/12	6/15/2026	3.000%	295,000
Serial Bond	06/15/12	6/15/2026	3.000%	305,000
Serial Bond	06/15/12	6/15/2026	3.000%	165,000
				\$ 2,140,000

The following is a summary of debt service requirements for bonds payable:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 260,000	\$ 54,969	\$ 314,969
2020	265,000	49,119	314,119
2021	275,000	43,156	318,156
2022	285,000	36,969	321,969
2023	290,000	30,200	320,200
2024-2026	765,000	42,000	807,000
	\$ 2,140,000	\$ 256,413	\$ 2,396,413

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 60,706
Less: Interest Accrued in the Prior Year	(2,529)
Plus: Interest Accrued in the Current Year	2,290
Total Interest on Long-Term Debt	\$ 60,467

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 80,000	\$ 26,961	\$ -	\$ 575,841
Special Aid Fund	8,201	80,000	15,885	-
School Lunch Fund	783	-	783	-
Capital Projects Fund	17,977	-	116,959	5,260
Debt Service	-	-	447,474	-
Total Government Activities	<u>\$ 106,961</u>	<u>\$ 106,961</u>	<u>\$ 581,101</u>	<u>\$ 581,101</u>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All inter-fund payables are expected to be repaid within one year.

**NOTE 12 - POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS/PRIOR PERIOD
ADJUSTMENT**

A. General Information about the OPEB Plan

Plan Description: The District's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided: The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	99
	<u>116</u>

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 12 - POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS/PRIOR PERIOD
ADJUSTMENT (Continued)**

B. Total OPEB Liability

The District's total OPEB liability of \$4,453,292 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest/Discount Rate - 3%, based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates - RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

Inflation - 2.60%

Healthcare Cost Trend Rates - 7.0% in 2018, decreasing 0.5% per year to an ultimate rate of 4.5% in 2023.

Dental/Vision Trend - 4.5%

Participation Rate - 100% of future eligible retirees; 50% of future eligible spouses of retirees.

Percent Married - 80% of future retirees; actual census information for current retirees.

Termination/Retirement Rates - Based on tables used by New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the June 30, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 4,332,372
<u>Changes for the Year -</u>	
Service Cost	173,402
Interest	132,759
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(23,098)
Changes in Assumptions or Other Inputs	-
Benefit Payments	<u>(162,143)</u>
Net Changes	<u>120,920</u>
Balance at June 30, 2018	<u>\$ 4,453,292</u>

There were no significant plan changes since the last published valuation.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 12 - POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS/PRIOR PERIOD
ADJUSTMENT (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2 percent) or 1 percentage point higher (4 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>2.0%</u>	<u>3.0%</u>	<u>4.0%</u>
Total OPEB Liability	\$ 4,811,569	\$ 4,453,292	\$ 4,121,980

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current healthcare cost trend rate:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(6.50% decreasing	(7.50% decreasing	(8.50% decreasing
	to 3.50%)	to 4.50%)	to 5.50%)
Total OPEB Liability	\$ 3,905,436	\$ 4,453,292	\$ 5,102,654

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$304,220. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (21,157)
Changes of Assumptions or Other Inputs	-	-
Contributions Subsequent to the Measurement Period	-	-
Total	\$ -	\$ (21,157)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (1,941)
2020	(1,941)
2021	(1,941)
2022	(1,941)
2023	(1,941)
Thereafter	(11,452)
	<u>\$ (21,157)</u>

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 12 - POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS/PRIOR PERIOD
ADJUSTMENT (Continued)**

E. Prior Period Adjustment

As discussed in Note 1, the District adopted GASB 75 as of July 1, 2017. The implementation of the statement requires the District to recognize the total OPEB liability in the Statement of Net Position. The implementation also requires the District to recognize the deferred inflows/outflows resulting from changes in the total OPEB liability and in the OPEB plan's fiduciary net position on the Statement of Net Position. In addition, the implementation requires a restatement of the prior year net position:

Net Position as Reported at June 30, 2017	\$ 19,528,695
Change in OPEB Liability	<u>(3,473,423)</u>
Net Position Reported on Statement of Activities, July 1, 2017	<u><u>\$ 16,055,272</u></u>

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District participates in a risk-sharing pool which includes seven districts, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$49,962.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District has received grants which are subject to audit by agencies of the State and Federal Governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

NOTE 15 - DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purpose of scholarships.

Donor-restricted endowments are reported at fair value, which equals cost since all funds are invested in cash and cash equivalents. The amount of interest earned on investments of donor-restricted endowments that is available for authorization for expenditure by the District is \$184.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16 - FUND BALANCE REPORTING

The following is a detail of fund balance classifications used for each fund at June 30, 2018:

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventory	\$ -	\$ -	\$ 14,369	\$ -	\$ -	\$ 14,369
Restricted for:						
Workers' Compensation Insurance Reserve	153,117	-	-	-	-	153,117
Unemployment Insurance Reserve	38,995	-	-	-	-	38,995
Retirement Contribution Reserve	750,610	-	-	-	-	750,610
Employee Benefit Accrued Liability	814,466	-	-	-	-	814,466
Liability Claims and Property Loss	303,534	-	-	-	-	303,534
Reserve for Tax Certiorari	115,118	-	-	-	-	115,118
Capital Reserve	1,380,298	-	-	-	-	1,380,298
Debt Service	-	-	-	-	1,655	1,655
Capital Projects	-	-	-	1,501,884	-	1,501,884
Assigned:						
General Support	39,234	4,732	-	174,878	-	218,844
Instructional	22,371	2,698	-	99,715	-	124,784
Employee Benefits	-	-	-	-	-	-
School Lunch	-	-	136,259	-	-	136,259
Designated for the Levy of Taxes	466,000	-	-	-	-	466,000
Unassigned:	<u>726,880</u>	<u>(7,430)</u>	<u>-</u>	<u>(684,890)</u>	<u>-</u>	<u>34,560</u>
Total Fund Balances	<u>\$ 4,810,623</u>	<u>\$ -</u>	<u>\$ 150,628</u>	<u>\$ 1,091,587</u>	<u>\$ 1,655</u>	<u>\$ 6,054,493</u>

NOTE 17 - TAX ABATEMENTS

The Counties of Broome, Chenango, Delaware and Otsego entered into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$19,891. The District received payments in Lieu of Tax (PILOT) payment totaling \$19,891.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 5,109,899	\$ 5,109,899	\$ 5,107,176	\$ (2,723)
Other Tax Items	1,101,275	1,101,275	1,112,678	11,403
Charges for Services	23,750	33,673	92,861	59,188
Use of Money and Property	20,500	20,500	23,330	2,830
Sale of Property	8,873	69,376	94,280	24,904
Miscellaneous	76,500	82,698	185,773	103,075
Total Local Sources	6,340,797	6,417,421	6,616,098	198,677
Federal Sources	6,500	6,500	22,581	16,081
State Sources	10,870,738	10,883,738	10,869,030	(14,708)
Total Revenues	17,218,035	17,307,659	17,507,709	200,050
OTHER FINANCING SOURCES				
Appropriated Fund Balance	400,000	400,000	-	(400,000)
Appropriated Reserves	-	45,988	-	(45,988)
Total Other Financing Sources	400,000	445,988	-	(445,988)
Total Revenues and Other Financing Sources	\$ 17,618,035	\$ 17,753,647	\$ 17,507,709	\$ (245,938)

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balance</u>
EXPENDITURES					
General Support					
Board of Education	\$ 16,868	\$ 16,868	\$ 13,055	\$ -	\$ 3,813
Central Administration	183,058	183,058	181,932	-	1,126
Finance	314,115	312,455	305,363	-	7,092
Staff	107,325	117,935	115,389	-	2,546
Central Services	1,988,638	2,007,759	1,729,243	27,440	251,076
Special Items	502,500	502,500	497,077	-	5,423
Total General Support	<u>3,112,504</u>	<u>3,140,575</u>	<u>2,842,059</u>	<u>27,440</u>	<u>271,076</u>
Instruction					
Instruction, Administration and Improvement	528,805	618,639	554,138	6,436	58,065
Teaching, Regular School	4,306,546	4,305,254	4,067,357	13,234	224,663
Programs for Children with Special Needs	1,920,315	1,905,408	1,788,501	781	116,126
Occupational Education	574,094	574,094	574,094	-	-
Teaching, Special School	15,270	15,270	7,939	-	7,331
Instructional Media	386,348	388,488	367,651	-	20,837
Pupil Services	994,788	986,732	897,134	1,920	87,678
Total Instruction	<u>8,726,166</u>	<u>8,793,885</u>	<u>8,256,814</u>	<u>22,371</u>	<u>514,700</u>
Pupil Transportation	848,602	827,103	705,361	-	121,742
Community Service	-	11,330	11,330	-	-
Employee Benefits	4,374,391	4,382,191	4,093,101	-	289,090
Total Expenditures	<u>17,061,663</u>	<u>17,155,084</u>	<u>15,908,665</u>	<u>49,811</u>	<u>1,196,608</u>
Other Financing Uses					
Operating Transfers Out	556,372	598,563	575,841	11,794	10,928
Total Expenditures and Other Financing Uses	<u>17,618,035</u>	<u>17,753,647</u>	<u>16,484,506</u>	<u>\$ 61,605</u>	<u>\$ 1,207,536</u>
Excess Revenues and Other Sources Over					
Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,203</u>		

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2018**

	OTHER POSTEMPLOYMENT BENEFITS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Measurement Date	June 30, 2018									
Total OPEB Liability										
Service Cost	\$ 173,402									
Interest	132,759									
Changes in Benefit Terms	-									
Differences between expected and actual experience in the measurement of the total OPEB Liability	(23,098)									
Changes of Assumptions or Other Inputs	-									
Benefit Payments	<u>(162,143)</u>									
Net Change in Total OPEB Liability	120,920									
Total OPEB Liability - Beginning	<u>4,332,372</u>									
Total OPEB Liability - Ending	<u>\$ 4,453,292</u>									
Covered Payroll	<u>\$ 6,040,467</u>									
Total OPEB Liability as a percentage of Covered Pay	73.72%									

Information for the periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as the information becomes available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 LAST 10 FISCAL YEARS
 FOR THE YEAR ENDED JUNE 30, 2018**

	NYSERS Pension Plan									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 293,859	\$ 237,557	\$ 270,501	\$ 251,040						
Contribution in relation to the contractually required contribution	<u>293,859</u>	<u>237,557</u>	<u>270,501</u>	<u>251,040</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
District's covered employee payroll	<u>\$ 1,880,871</u>	<u>\$ 1,752,195</u>	<u>\$ 1,473,603</u>	<u>\$ 1,425,626</u>						
Contributions as a percentage of covered employee payroll	15.62%	13.56%	18.36%	17.61%						

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.

	NYSTRS Pension Plan									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 602,967	\$ 711,585	\$ 772,307	\$ 977,568						
Contribution in relation to the contractually required contribution	<u>602,967</u>	<u>711,585</u>	<u>772,307</u>	<u>977,568</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
District's covered employee payroll	<u>\$ 5,891,848</u>	<u>\$ 5,755,592</u>	<u>\$ 5,630,648</u>	<u>\$ 5,379,318</u>						
Contributions as a percentage of covered employee payroll	10.23%	12.37%	13.72%	18.17%						

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018**

NYSERS Pension Plan										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the Net Pension Liability (Asset)	0.0062826%	0.0058304%	0.0055387%	0.0054162%						
District's proportionate share of the Net Pension Liability (Asset)	\$ 202,767	\$ 547,837	\$ 888,973	\$ 182,971						
District's covered employee payroll	1,880,871	1,752,195	1,473,603	1,425,626						
District's proportionate share of the Net Pension Liability (Asset) as a percentage of it's covered employee payroll	10.78%	31.27%	60.33%	12.83%						
Plan Fiduciary Net Position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%						
NYSTRS Pension Plan										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the Net Pension Liability (Asset)	0.035707%	0.036155%	0.035805%	0.032814%						
District's proportionate share of the Net Pension Liability (Asset)	\$ (271,410)	\$ 387,237	\$ (3,719,030)	\$ (3,655,243)						
District's covered employee payroll	5,891,848	5,755,592	5,630,648	5,379,318						
District's proportionate share of the Net Pension Liability (Asset) as a percentage of it's covered employee payroll	4.61%	-6.73%	66.05%	67.95%						
Plan Fiduciary Net Position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.50%						

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 17,618,035
Add: Prior Year's Encumbrances	<u>11,881</u>
Original Budget	17,629,916
Budget Revisions	<u>123,731</u>
Final Budget	<u>\$ 17,753,647</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018 - 2019 Voter-Approved Expenditure Budget	\$ <u>18,153,575</u>
Maximum Allowed (4% of 2018 - 2019 Budget)	<u>\$ 726,143</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Law:

Unrestricted Fund Balance:

Committed Fund Balance	\$ -
Assigned Fund Balance	527,605
Unrestricted Fund Balance	<u>726,880</u>
Total Unrestricted Fund Balance	<u>1,254,485</u>

Less:

Appropriated Fund Balance	(466,000)
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	<u>(61,605)</u>
Total Adjustments	<u>(527,605)</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Law: \$ 726,880

Actual Percentage 4.00%

*Per Office of the New York State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definition" updated April 2011 (originally issued November 2010), the portion of [General Fund] fund balance subject to §1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Appropriation	Revised Appropriation	Expenditures			Transfer Excess Fund Balance	Unexpended Balance	Methods of Financing			Fund Balance June 30, 2018	
			Prior Years	Current Year	Total			Proceeds of Obligations	State Aid	Local Sources		Total
Major Projects												
Capital Project - 2017-2018	\$ 16,500,000	\$ 16,500,000	\$ 5,710	\$ 1,178,421	\$ 1,184,131	\$ -	\$ 15,315,869	\$ 205,006	\$ -	\$ 2,500,000	\$ 2,705,006	\$ 1,520,875
Non - Major Projects												
Other Projects	-	-	3,230	-	3,230	-	(3,230)	-	-	3,230	3,230	-
Guilford Bus Garage Roof	-	-	-	1,794	1,794	-	(1,794)	-	-	-	-	(1,794)
Capital Outlay Project (17-18)	100,000	100,000	-	95,752	95,752	4,248	-	-	-	100,000	100,000	-
Buses - 2012	192,208	192,208	179,708	-	179,708	12,500	-	-	-	192,208	192,208	-
Buses - 2013	224,527	224,527	224,526	-	224,526	1	-	-	-	224,528	224,528	1
Buses - 2014	231,655	231,655	275,685	-	275,685	(44,030)	-	-	-	204,360	204,360	(27,295)
Buses - 2015	267,000	267,000	265,448	-	265,448	1,552	-	-	-	106,800	106,800	(160,200)
Buses - 2016	297,067	297,067	285,067	-	285,067	12,000	-	-	-	57,067	57,067	(240,000)
Totals	\$ 17,812,457	\$ 17,812,457	\$ 1,239,374	\$ 1,275,967	\$ 2,515,341	\$ (13,729)	\$ 15,310,845	\$ 205,006	\$ -	\$ 3,388,193	\$ 3,593,199	\$ 1,091,587

See the accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULE #7

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Assets, Net	\$ 14,256,206
Deduct:	
Short-Term Portion of Bonds Payable	(260,000)
Long-Term Portion of Bonds Payable	<u>(1,880,000)</u>
 Investment in Capital Assets, Net of Related Debt	 <u>\$ 12,116,206</u>

See the accompanying notes to financial statements.

Officers:

Roy E. Fuller, CPA
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
John R. May, CPA*
Kyle J. Miesfeldt, CPA
Alan D. Piaker, CPA
Janeen F. Schrann, CPA*
Thomas F. Shanahan, CPA*



Phone: (607) 729-9373
Fax: (607) 729-6893
Website: pnlepa.com

Philip M. Piaker, CPA
(1921-2003)

Abraham L. Piaker, CPA
(1925-2005)

Retired:

Allan R. Lyons, CPA
Kenneth L. Coleman, CPA
James J. Lewis, CPA

*Also Licensed in Pennsylvania

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the President and Members
of the Board of Education of the
Bainbridge-Guilford Central School District
Bainbridge, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT** (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Bainbridge-Guilford Central School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


PIAKER & LYONS, P.C.

Binghamton, New York
September 30, 2018